

FISCAL NOTE

SB 1607 - HB 1280

March 3, 1997

SUMMARY OF BILL: Exempts any sales contractually committed and/or for which money was paid prior to the effective date of any increase in the sales tax. The bill is applicable only in a municipality having a population of over 100,000 and whose tax rate is higher than that of the county where the municipality is located. The bill would be retroactive to July 1, 1996.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures - Exceeds \$100,000
Forgo Local Govt. Revenues - Exceeds \$100,000

Assumes that the City of Chattanooga, to which this bill currently applies, would be required to refund any tax collected on contractually committed sales or other sales, since the city's sales tax increase became effective in October 1996. It is not possible to determine the amount of such refund, but it is estimated to exceed \$100,000.

Also assumes that any future local government revenues realized due to a tax increase would be forgone. It is not possible to determine the amount of such forgone revenue, but it is estimated to exceed \$100,000.

It is also estimated that there would be state sales tax revenues forgone in the event of a state sales tax increase, since the bill exempts such sales from *any increase in the sales and use tax*.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James A. Davenport, Executive Director

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